Tourism

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Shri Ashwini Kakkar joined Thomas Cook (India) Ltd., as the Chief Executive Officer and Managing Director. He has overall responsibilities for the company which include Corporate Travel Management, Foreign Exchange, Leisure Travel, Insurance and the Web business. He is presently in charge of Thomas Cook operations in Sri Lanka, Mauritius and Egypt in addition to the Indian business. Prior to this, he joined TCIL from International General Electric India, where he held the position of the CEO and Managing Director, responsible for creating and developing business in India based on GE's global capabilities. Earlier to GE, he was with Otis Elevators and Philips India.

A look at a travel brochure these days, shows a tendency by travel writers to speak in superlatives. "Grand colonial architecture", "sparkling beaches", "amazing monuments" and so on; and yet, for a country like India, all these adjectives and more, are totally appropriate.

However, for a country bursting with tourism opportunities, we have been slightly slow on the uptake, as far as promoting these destinations goes. A point highlighted by the First Planning Commission way back in 1955, which ranked tourism 269th on their priority list of industries – lower than even the development of light-houses! At that time, the average number of tourists who came knocking at our door, was around 15,000.

A Historical Perspective

Post-Independence, while critical issues like agriculture, infrastructure and power supply hogged the limelight, travel and tourism received step-daughterly treatment, as it was deemed a 'luxury' – affordable by only a few.

Not much has changed over the last four decades, and it seemed every time the industry gained some form of momentum despite the closed and protected economy, there was something lurking in the shadows to clip its wings. The introduction of FERA put a serious crimp in foreign investment in the country and the Emergency was yet another deterrent to the tourism movement.

A look at the Five Year Plans shows that in the Third Plan (1961-1966) tourism got approx 4.001 crores, which was 0.11% of the total Plan outlay. In the Eighth Plan, (1992-1997) it was Rs 272 crores – still 0.11% of the total plan outlay.

At this time, policy makers, industry representatives and opinion makers equated tourism with foreign visitors. To their way of thinking, it was the foreign visitor who occupied hotel accommodation, filled airline seats, frequented bars and restaurants and used recreation facilities. Plus, given the foreign exchange (forex) shortage, the foreign tourist was looked upon as Daddy Big-Bucks – with an almost endless supply of crisp foreign currency. And while key aspects of Indian tourism came to be tailored to the foreign visitor, the price mechanism too, came to be tied to overseas costs.

Hotel rates, food and beverages in hotels, handicrafts, etc, were priced at a level much higher than the economic standards prevalent in the country at

the time. No way could our rupee-toting lads compete. Thus, for our fellow countrymen, travel was restricted to places of pilgrimage or going to one's native town to visit the family once a year. However, other South East Asian countries were on the ball soon enough when they realised the potential of tourism. Hong Kong, Singapore and Thailand dug in the infrastructure, developed detailed tourism plans and marketed them in glorious technicolour across the world. Ironically, today, Indian outbound tourism provides a sizeable chunk of tourist inflow into these countries.

Something In The Air...

From the mid-80s to the early 90s, the Indian corporate world underwent a transformation. The Old Guard - Tatas, Birlas and Godrej – saw the emergence of the newer dynasties on the block - Reliance, Essar and Mahindra.

As new factories opened and the corporate kingdoms spread across the country, so did the need for roving executives, with suitably generous travel and entertainment allowances. And thus was born the corporate traveller.

Airlines and hotels didn't take long to work out that the man with the tie and briefcase was the man with the corporate expense account! Airlines introduced business or club class and the hospitality sector set up executive floors - complete with butlers - geared to cater to this booming segment.

The outbound segment (as we know it today) was still in its nascent stage. The "have- suitcase-will-travel" high lasted only for so long, as the reality of getting sponsor letters from friends and family overseas set in, and the forex restrictions of USD$ 500 as one's basic travel quota (BTQ) once every two years, made travelling abroad more than a little difficult.

Naturally, this being the land of opportunity, the grey market for forex boomed – practically every large general store in well-to-do neighbourhoods had an extra drawer for their greenbacks.

Low customs allowances meant that bringing items into the country from your travels – assuming you went to some place where US$500 would get you anything – meant the little man in a white uniform welcomed you on your return to the Homeland, and rubbed his hands in glee. "Red channel please" was the helpful direction he gave you as you wearily pushed your trolley towards a long and tortuous queue!

The Yuppies Of The 90s

The tourism industry began to swing in the mid-90s, with the liberalisation of the economy, and with India ratifying the agreement to set up the WTO unit in India. Foreign investment in industry, foreign investment in airlines and foreign media got the country excited about the world "out there" and the guy with 50 channels at his disposal, found bikini-clad motivation on his 21 inch screen, to get out of his armchair and check out new destinations.

The alphabets 'MBA' next to a young person's name opened up the road to five-figure salaries, six-figure bonuses and stock options. Young people were raring to go where they parents hadn't been and they had the means to do it!

And, more surprisingly, the Indian traveller began to get excited about touring around his own country and the trend for domestic tourism was firmly set.

The last decade of the last century alone, saw an increase by more than 100 million travellers in the domestic tourism segment – from 63.8 million visitors in 1990, to 176 million in 1999.

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The Number Crunch

On a broader scale though, finding accurate figures and statistics is something of a problem even today, and in the absence of a centrally appointed and vigilant monitoring body, one can only make estimates.

Immigration figures based on disembarkation cards are unreliable as they make little distinction between visitors coming only to India or backtracking from Nepal or other neighbouring countries. Also, a large number of arrivals stay with family or friends and do not contribute much to the forex kitty.

Forex earnings have been accepted by the tourism industry, as being the surer criterion of the quality and number of tourists a country is attracting. A study by FICCI, in 1994, showed that the overall forex earnings from tourism had been static around US$ 1.2 – 1.4bn. In 1989, our earnings in forex were Rs ,2103 crores, which rose to Rs 3,990 crores in 1993. But if one were to take into account the devaluation that the rupee had been facing against the dollar at the time, then the net dollar earnings had virtually remained stagnant.

Tracking tourism in the domestic sector is even more difficult as this is still an unorganised sector, with individuals making their own arrangements or availing of the services of small outfits.

Here And Now

Post-September 11, the tourism industry in India has shown resilience with Indian travellers opting to look inwards to domestic tourism or to explore other destinations such as Australia and New Zealand. The Kargil conflict, the current Iraq war and the new flu on the loose in South East Asia, have also dealt serious blows to the global tourism industry.

Despite this litany of international crises, today, it is an accepted fact that tourism is the fastest growing industry in the world; a creator of wealth and business opportunities, an income multiplier, a catalyst for employment and preserver of the environment. An investment of Rs 10 lakhs in tourism, creates 89 jobs, as against 45 in agriculture, and 13 in manufacturing for the same investment.

The current budget has finally granted the tourism industry "infrastructure" status, and an increase in plan outlay to Rs 225 crore. The international airports in the four metros are to be upgraded to world-class standards and six comprehensive tourism circuits will be developed to help promote tourism.

The lack of a centralised government apex body to give it the tourism industry focus and direction, is still a cause for serious concern. At present, the central ministry of tourism's functions are limited to marketing India overseas and providing meagre financial support to state governments for the creation of tourism facilities. Most of the important issues relating to tourism are deciding elsewhere. The Ministry of Civil Aviation controls aviation policy as well as the administration of airports. The Ministry of Home Affairs/External Affairs decides the visa regime, and the Ministry of Finance supervises the fiscal policy for investment in the tourism sector and of course the all-important tax structure. It is left to the private sector to run between the ministries to bring about any radical reforms. The classic Indian bureaucratic runaround – the death-knell to an industry on the move!

Future-wise

The more significant findings of the many reports done for the international travel and tourism industry show that the focus of the industry is gradually shifting from Europe and N America to east/South Asia and the Pacific. A research forecast by the World Travel and Tourism Council pegs tourism industry growth at 4.5% over the next ten years. Turkey is expected to be the fastest growing travel and tourism economy over the next 10 years at a rate of 10.2%, while India will have a growth of 9.7%. This buoyant outlook also reflects a possibility of the creation of nearly 7 million jobs over the next 10 years.

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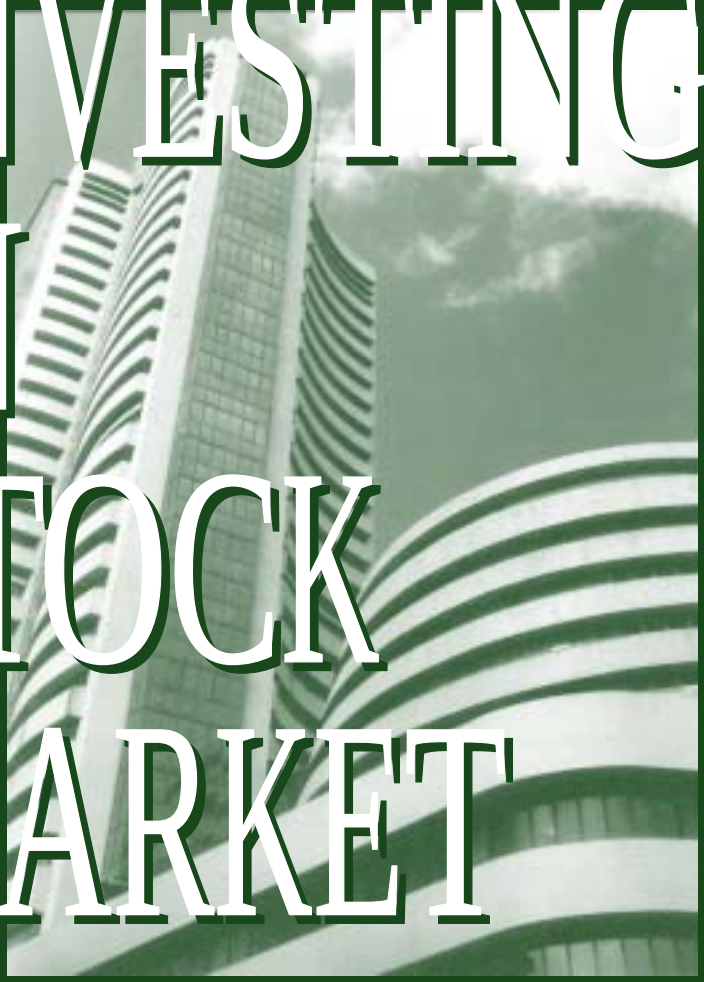

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